

MONTANA LEGISLATIVE HISTORY

Chapter 695 1989

Bill H 567 S _____

Original bill & history ✓c

H. Committee on Taxation

Hearing Date(s) _____ c

2/16 ✓c

_____ c

_____ c

Date Out

2/16 ✓c

S. Committee on Taxation

Hearing Date(s) _____ c

3/31 _____ c

_____ c

4/5 _____ c

Did this bill originate in an interim committee? _____ Yes _____ No

Committee _____

Report _____

HOUSE FINAL STATUS

3/06	REFERRED TO TAXATION		
4/06	HEARING		
4/11	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/12	2ND READING CONCURRED	49	0
4/13	3RD READING CONCURRED	47	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/15	2ND READING AMENDMENTS NOT CONCURRED	93	2
4/17	CONFERENCE COMMITTEE APPOINTED		
	SENATE		
4/18	CONFERENCE COMMITTEE APPOINTED		
4/20	CONFERENCE COMMITTEE DISSOLVED	50	0
	HOUSE		
4/20	2ND READING AMENDMENTS CONCURRED	97	0
4/21	3RD READING AMENDMENTS CONCURRED	98	1
4/26	SIGNED BY SPEAKER		
4/26	SIGNED BY PRESIDENT		
4/27	TRANSMITTED TO GOVERNOR		
5/12	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 666 EFFECTIVE DATE: 10/01/89		

HB 567 INTRODUCED BY HARRINGTON, ET AL.
 AUTHORIZE LOCAL GOVERNMENT TO MODIFY PERCENTAGES OF
 TAX BENEFIT FOR REMODELING, RECONSTRUCTION,
 OR EXPANSION OF BUILDINGS OR STRUCTURES

2/03	INTRODUCED		
2/04	REFERRED TO TAXATION		
2/08	FISCAL NOTE REQUESTED		
2/13	FISCAL NOTE RECEIVED		
2/16	HEARING		
2/18	FISCAL NOTE PRINTED		
2/28	COMMITTEE REPORT--BILL PASSED AS AMENDED		
3/02	2ND READING PASSED	93	0
3/04	3RD READING PASSED	93	0
3/06	REFERRED TO TAXATION		
3/31	HEARING		
4/05	COMMITTEE REPORT--BILL CONCURRED AS AMENDED		
4/06	2ND READING CONCURRED	49	0
4/10	3RD READING CONCURRED	49	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/11	2ND READING AMENDMENTS NOT CONCURRED	98	1
4/13	CONFERENCE COMMITTEE APPOINTED		
4/18	CONFERENCE COMMITTEE REPORT NO. 1		
4/19	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	93	0
4/20	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	92	0
	SENATE		
4/17	CONFERENCE COMMITTEE APPOINTED		
4/18	CONFERENCE COMMITTEE REPORT NO. 1		
4/19	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	50	0
4/19	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	49	0

HOUSE BILL NO. 567

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, DAILY,
QUILICI, O'CONNELL, WYATT, BACHINI, MCCORMICK,
SQUIRES, VINCENT

IN THE HOUSE

FEBRUARY 3, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
FEBRUARY 4, 1989	FIRST READING.
FEBRUARY 28, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
MARCH 1, 1989	PRINTING REPORT.
MARCH 2, 1989	SECOND READING, DO PASS.
MARCH 3, 1989	ENGROSSING REPORT.
MARCH 4, 1989	THIRD READING, PASSED. AYES, 93; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

MARCH 6, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON TAXATION.
	FIRST READING.
APRIL 5, 1989	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.
APRIL 6, 1989	SECOND READING, CONCURRED IN.
APRIL 10, 1989	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE WITH AMENDMENTS.

IN THE HOUSE

APRIL 11, 1989

RECEIVED FROM SENATE.

SECOND READING, AMENDMENTS NOT
CONCURRED IN.

APRIL 13, 1989

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE SENATE

APRIL 17, 1989

ON MOTION, CONFERENCE COMMITTEE
REQUESTED AND APPOINTED.

IN THE HOUSE

APRIL 18, 1989

CONFERENCE COMMITTEE REPORTED.

APRIL 19, 1989

SECOND READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE SENATE

APRIL 19, 1989

CONFERENCE COMMITTEE
REPORT ADOPTED.

IN THE HOUSE

APRIL 20, 1989

THIRD READING, CONFERENCE COMMITTEE
REPORT ADOPTED.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *567*
 2 INTRODUCED BY *Harvestor Dave Bon*
 3 *Darryl G. Sullivan*
 4 A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL
 5 GOVERNMENT WITH SELF-GOVERNING POWERS TO MODIFY THE
 6 PERCENTAGES OF THE TAX BENEFIT FOR REMODELING,
 7 RECONSTRUCTION, OR EXPANSION OF BUILDINGS OR STRUCTURES; AND
 8 AMENDING SECTION 15-24-1501, MCA."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 **Section 1.** Section 15-24-1501, MCA, is amended to read:

12 "15-24-1501. Remodeling, reconstruction, or expansion
 13 of buildings or structures -- assessment provisions -- levy
 14 limitations. (1) Remodeling Subject to the authority
 15 contained in subsection (4), remodeling, reconstruction, or
 16 expansion of existing buildings or structures, which
 17 increases their taxable value by at least 2 1/2% as
 18 determined by the department of revenue or its agents, may
 19 receive tax benefits during the construction period and for
 20 the following 5 years in accordance with subsections (2) and
 21 (3) through (4) and the following schedule. The percentages
 22 shall be applied only as provided in subsection subsections
 23 (3) and (4) and are limited to the increase in taxable value
 24 caused by remodeling, reconstruction, or expansion:

25 Construction period 0%

1 First year following construction	20%
2 Second year following construction	40%
3 Third year following construction	60%
4 Fourth year following construction	80%
5 Fifth year following construction	100%
6 Following years	100%

7 (2) In order to confer the tax benefits described in
 8 subsection (1), the governing body of the affected county
 9 or, if the construction will occur within an incorporated
 10 city or town, the governing body of such the incorporated
 11 city or town must approve by resolution for each remodeling,
 12 reconstruction, or expansion project the use of the schedule
 13 provided for in subsection (1) or a schedule adopted
 14 pursuant to subsection (4).

15 (3) The tax benefit described in subsection (1) applies
 16 only to the number of mills levied and assessed for high
 17 school district and elementary school district purposes and
 18 to the number of mills levied and assessed by the local
 19 governing body approving the benefit. In no case may the
 20 benefit described in subsection (1) apply to statewide
 21 levies.

22 (4) A local government with self-governing powers may,
 23 in the resolution required by subsection (2), modify the
 24 percentages contained in subsection (1). A local government
 25 with self-governing powers may not modify the time limits

LC 1574/01

1 contained in subsection (1)."

2 NEW SECTION. Section 2. Extension of authority. Any
3 existing authority to make rules on the subject of the
4 provisions of [this act] is extended to the provisions of
5 [this act].

-End-

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on February 16, 1989, at
9:00 a.m.

ROLL CALL

Members Present: 17

Members Excused: 1

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

HEARING ON HOUSE BILL 590

Presentation and Opening Statement by Sponsor:

Rep. Ted Schye, District 18, stated HB 590 repeals licensing fees required by old laws. These fees are no longer reasonable or cost effective. Rep. Schye submitted a copy of the current laws. (Exhibit 1). Many of these are obsolete and no longer enforced. He urged support of the bill.

Testifying Proponents and Who They Represent:

None.

Proponent Testimony:

None.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: None.

Closing by Sponsor: Rep. Schye made no further comment.

DISPOSITION OF HOUSE BILL 590

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. HB 566 will be considered in executive session at a later date.

HEARING ON HOUSE BILL 567

Presentation and Opening Statement by Sponsor:

Rep. Dan Harrington, District 68, stated in 1987, the legislature created a property tax incentive to enhance the use of existing buildings for new business development rather than erecting new structures. This was intended for the use and remodeling of old buildings. This incentive has been unsuccessful in Butte Silver Bow. Many blocks of the city will be wasted if the buildings are not used. Rep. Harrington stated HB 567 sought to allow an increase in the tax incentive percentage in order to allow local government to create a greater incentive for development of older structures in the area. Rep. Harrington stated this bill allows flexibility only to local governments with self-governing powers but the committee may wish to amend the bill deleting the self-governing reference.

Testifying Proponents and Who They Represent:

Evan Barrett, Butte Local Development Corporation
Alex Hanson, League of Cities and Towns
Don Peebles, Chief Executive, Butte Silver Bow
Kay Foster, Billings Chamber of Commerce

Proponent Testimony:

Evan Barrett stated that the original law was enacted to enhance the ability of Glendive to renovate old railroad depots for economic development. Mr. Barrett said the current tax incentive is not enough to create use of older buildings. Renovation is too expensive for the owners since the buildings usually require extensive repairs. He urged passage of the bill.

Alec Hanson stated that additional flexibility in the tax incentive to cities could create increased economic development. He said the committee may want to consider striking "self-governing" from the bill, however, in order to give all cities the opportunity to participate. He urged passage of the bill.

Don Peebles stated the bill was important legislation. He said the key is to provide motivation for economic development and this bill would fulfill that need. He urged

passage of the bill.

Kay Foster stated the bill would certainly provide incentive for local development and new business. She urged passage of the bill.

Testifying Opponents and Who They Represent:

None.

Opponent Testimony:

None.

Questions From Committee Members: Rep. Raney stated that Livingston had used this incentive three times in the past year and asked why Butte had not done so. Evan Barrett stated that certain amounts of the infrastructure in Butte were very deteriorated and a policy with more impact is needed. The renovation costs are so extensive and expensive that it is not cost effective for the owner at the present time. Rep. Raney asked if this would not create discrimination between allowing those who do not have funds to use this incentive and disallowing those who have extensive funds. Mr. Barrett replied the local government adopts a new percentage schedule that applies for that county so the flexibility is in the rate, not in choosing who receives it.

Rep. Ream stated there may be a technical problem in the bill since the percentages can be changed and since the last year is 100%, it could be held at that percentage. Rep. Harrington replied he did not see this as a problem. Mr. Barrett replied the intention is that they reach 100% after the fifth year. Rep. Ream stated there may need to be an amendment in this respect.

Closing by Sponsor: Rep. Harrington stated this bill provides a good method of encouraging economic development plus usage of existing rundown areas that can be renovated and salvaged with less expense than building new structures. He urged the committee to consider the bill favorably.

DISPOSITION OF HOUSE BILL 567

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date February 16, 1989

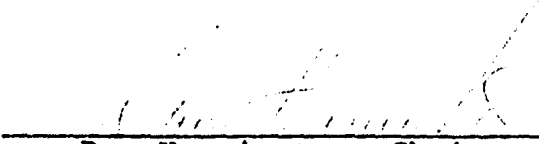
NAME	PRESENT	ABSENT	EXCUSED
Harrington, Dan, Chairman	✓		
Ream, Bob, Vice Chairman	✓		
Cohen, Ben			✓
Driscoll, Jerry	✓		
Elliott, Jim	✓		
Koehnke, Francis	✓		
O'Keefe, Mark	✓		
Raney, Bob	✓		
Schye, Ted	✓		
Stang, Barry	✓		
Ellison, Orval	✓		
Giacometto, Leo	✓		
Gilbert, Bob	✓		
Good, Susan	✓		
Hanson, Marian	✓		
Hoffman, Robert	✓		
Patterson, John	✓		
Rehberg, Dennis	✓		

STANDING COMMITTEE REPORT

February 27, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that HOUSE BILL 567 (first reading copy -- white) do pass as amended .

Signed: 
Dan Harrington, Chairman

And, that such amendments read:

1. Title, line 5.

Strike: "WITH SELF-GOVERNING POWERS"

2. Page 2, line 22.

Strike: "with self-governing powers"

3. Page 2, line 24.

Following: "(1)"

Insert: "that apply to the first year following construction through the fourth year following construction. A local government may not modify the percentages contained in subsection (1) that apply to the fifth year following construction or years following the fifth year."

4. Page 2, line 25.

Strike: "with self-governing powers"

5. Page 3, line 1.

Following: "(1)."

Insert: "The modifications to the percentages in subsection (1) adopted by a local government apply uniformly to each remodeling, reconstruction, or expansion project approved by the governing body."

VISITORS' REGISTER

HOUSE TAXATION

COMMITTEE

BILL NO. HB 567DATE February 16, 1989SPONSOR Rep. Dan Harrington

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
EVAN BARRETT	BOITE	✓	
Don Peoples	Butte	✓	
Kay Foster	Billings	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

MINUTES

MONTANA SENATE 51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Bob Brown, on Friday, March 31,
1989, at 9:00 a.m.

ROLL CALL

Members Present: Senator Brown, Senator Bishop, Senator
Crippen, Senator Eck, Senator Gage, Senator Hager,
Senator Halligan, Senator Harp, Senator Mazurek,
Senator Norman, Senator Severson, Senator Walker

Members Excused: None

Members Absent: None

Staff Present: Jill Rohyans, Committee Secretary, Jeff
Martin, Legislative Council Staff

Announcements/Discussion: None

HEARING ON HOUSE BILL 567

Presentation and Opening Statement by Sponsor:

Representative Harrington, District 68, sponsor of the bill,
said this is an economic development bill which would
encourage new businesses to make use of old buildings.
Under provisions of the bill, local government can
grant a graduated tax break over a five year period on
the remodeling and new construction costs relating to
the rehabilitation of the old building.

List of Testifying Proponents and What Group they Represent:

None

List of Testifying Opponents and What Group They Represent:

None

Testimony:

None

Questions From Committee Members:

Senator Gage wondered what would happen if the city government offered the tax break but the county government decided not to go along with the decision. Representative Harrington replied this could be a problem. He said this had not come up in discussions in the House hearing. However, he said, as the bill reads in its current form, the local government can make the decision and the county will have to go along with it.

Closing by Sponsor: Representative Harrington closed.

DISPOSITION OF HOUSE BILL 567

Discussion:

Senator Severson moved HB 567 Be Concurred In.

Senator Gage expressed concern that the city-county agreement problem be clarified before the bill is passed.

Senator Eck volunteered to talk to the city-county people and bring the information back to the committee.

Senator Severson withdrew his motion.

Amendments and Votes: None

Recommendation and Vote: None

DISPOSITION OF HOUSE BILL 12

Discussion:

Senator Gage, referring to page 8, sub (5), felt there is no sense in assessors prorating taxes for the remaining portion of the year. This, in effect, creates prorating on a 1/12 basis. Currently, assessors are not assessing mobile homes when they come into the state after January 1st and, in fact, were not even aware of this provision. If they do implement this proration, they would assess on 1/12 increments which

ROLL CALL

TAXATION

COMMITTEE

51ST LEGISLATIVE SESSION -- 1989

Date 3/31/89

NAME	PRESENT	ABSENT	EXCUSED
SENATOR BROWN	X		
SENATOR BISHOP	✓		
SENATOR CRIPPEN	X		
SENATOR ECK	✓		
SENATOR GAGE	X		
SENATOR HAGER	✓		
SENATOR HALLIGAN	X		
SENATOR HARP	X		
SENATOR MAZUREK	✓		
SENATOR NORMAN	✓		
SENATOR SEVERSON	X		
SENATOR WALKER	X		

Each day attach to minutes.

HOUSE BILL NO. 567

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, DAILY,
 QUILICI, O'CONNELL, WYATT, BACHINI, MCCORMICK,
 SQUIRES, VINCENT

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL
 GOVERNMENT ~~WITH--SELF-GOVERNING--POWERS~~ WITH SELF-GOVERNING
POWERS TO MODIFY THE PERCENTAGES OF THE TAX BENEFIT FOR
 REMODELING, RECONSTRUCTION, OR EXPANSION OF BUILDINGS OR
 STRUCTURES; AND AMENDING SECTION 15-24-1501, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-1501, MCA, is amended to
 read:

"15-24-1501. Remodeling, reconstruction, or expansion
 of buildings or structures -- assessment provisions -- levy
 limitations. (1) Remodeling Subject to the authority
contained in subsection (4), remodeling, reconstruction, or
expansion of existing buildings or structures, which
increases their taxable value by at least 2 1/2% as
determined by the department of revenue or its agents, may
receive tax benefits during the construction period and for
the following 5 years in accordance with subsections (2) and
{3} through (4) and the following schedule. The percentages
shall be applied only as provided in subsection subsections

(3) and (4) and are limited to the increase in taxable value
 caused by remodeling, reconstruction, or expansion:

Construction period	0%
First year following construction	20%
Second year following construction	40%
Third year following construction	60%
Fourth year following construction	80%
Fifth year following construction	100%
Following years	100%

(2) In order to confer the tax benefits described in
 subsection (1), the governing body of the affected county
 or, if the construction will occur within an incorporated
 city or town, the governing body of ~~such the~~ incorporated
 city or town must approve by resolution for each remodeling,
 reconstruction, or expansion project the use of the schedule
 provided for in subsection (1) or a schedule adopted
pursuant to subsection (4).

(3) The tax benefit described in subsection (1)
 applies only to the number of mills levied and assessed for
 high school district and elementary school district purposes
 and to the number of mills levied and assessed by the local
 governing body approving the benefit. In no case may the
 benefit described in subsection (1) apply to statewide
 levies.

(4) A local government with-self-governing-powers WITH

1 SELF-GOVERNING POWERS may, in the resolution required by
2 subsection (2), modify the percentages contained in
3 subsection (1) THAT APPLY TO THE FIRST YEAR FOLLOWING
4 CONSTRUCTION THROUGH THE FOURTH YEAR FOLLOWING CONSTRUCTION.
5 A LOCAL GOVERNMENT WITH SELF-GOVERNING POWERS MAY NOT MODIFY
6 THE PERCENTAGES CONTAINED IN SUBSECTION (1) THAT APPLY TO
7 THE FIFTH YEAR FOLLOWING CONSTRUCTION OR YEARS FOLLOWING THE
8 FIFTH YEAR. A local government ~~with-self-governing-powers~~
9 WITH SELF-GOVERNING POWERS may not modify the time limits
10 contained in subsection (1). THE MODIFICATIONS TO THE
11 PERCENTAGES IN SUBSECTION (1) ADOPTED BY A LOCAL GOVERNMENT
12 WITH SELF-GOVERNING POWERS APPLY UNIFORMLY TO EACH
13 REMODELING, RECONSTRUCTION, OR EXPANSION PROJECT APPROVED BY
14 THE GOVERNING BODY."

15 NEW SECTION. Section 2. Extension of authority. Any
16 existing authority to make rules on the subject of the
17 provisions of [this act] is extended to the provisions of
18 [this act].

-End-

Conference Committee
on HOUSE BILL 567
Report No. 1, April 18, 1989

Page 1 of 1

Mr. Speaker/Mr. President:

We, your Conference Committee on House Bill 567 met and considered:

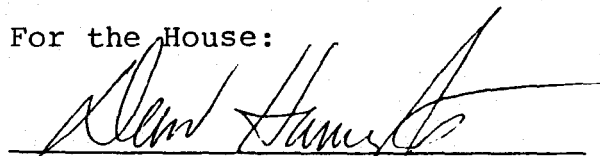
The Senate Committee on Taxation's committee report dated April 5, 1989 and the amendments contained therein.

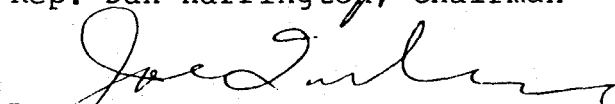
We recommend that House Bill 567 (reference copy -- salmon) be amended as follows:

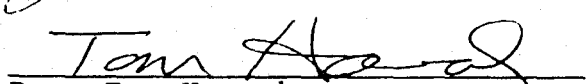
Strike the Senate Committee on Taxation's amendments dated April 5, 1989 in their entirety.

And that this Conference Committee Report be adopted.

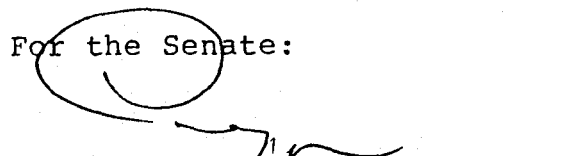
For the House:

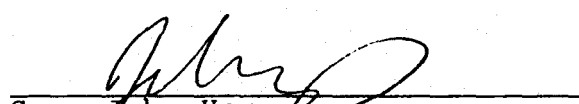

Rep. Dan Harrington, Chairman

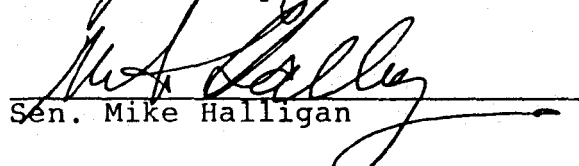

Rep. Joe Quilici


Rep. Tom Hannah

For the Senate:


Sen. Bruce Crippen, Chairman


Sen. John Harp


Sen. Mike Halligan

ADOPT

REJECT

HB 567

HOUSE BILL NO. 567

INTRODUCED BY HARRINGTON, D. BROWN, PAVLOVICH, DAILY,

QUILICI, O'CONNELL, WYATT, BACHINI, MCCORMICK,

SQUIRES, VINCENT

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING A LOCAL GOVERNMENT ~~WITH--SELF-GOVERNING--POWERS~~ WITH-SELF-GOVERNING POWERS TO MODIFY THE PERCENTAGES OF THE TAX BENEFIT FOR REMODELING, RECONSTRUCTION, OR EXPANSION OF BUILDINGS OR STRUCTURES; AND AMENDING SECTION 15-24-1501, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-24-1501, MCA, is amended to read:

"15-24-1501. Remodeling, reconstruction, or expansion of buildings or structures -- assessment provisions -- levy limitations. (1) Remodeling Subject to the authority contained in subsection (4), remodeling, reconstruction, or expansion of existing buildings or structures, which increases their taxable value by at least 2 1/2% as determined by the department of revenue or its agents, may receive tax benefits during the construction period and for the following 5 years in accordance with subsections (2) and {3} through (4) and the following schedule. The percentages shall be applied only as provided in subsection subsections

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(2) In order to confer the tax benefits described in subsection (1), the governing body of the affected county or, if the construction will occur within an incorporated city or town, the governing body of such the incorporated city or town must approve by resolution for each remodeling, reconstruction, or expansion project the use of the schedule provided for in subsection (1) or a schedule adopted pursuant to subsection (4).

(3) The tax benefit described in subsection (1) applies only to the number of mills levied and assessed for high school district and elementary school district purposes and to the number of mills levied and assessed by the local governing body approving the benefit. In no case may the benefit described in subsection (1) apply to statewide levies.

(4) A local government with-self-governing-powers WITH

1 SELF-GOVERNING--POWERS may, in the resolution required by
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 3 subsection (1) THAT APPLY TO THE FIRST YEAR FOLLOWING
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 12 WITH---SELF-GOVERNING---POWERS APPLY UNIFORMLY TO EACH
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 14 THE GOVERNING BODY."

15 NEW SECTION. Section 2. Extension of authority. Any
 16 existing authority to make rules on the subject of the
 17 provisions of [this act] is extended to the provisions of
 18 [this act].

-End-